## TESTIMONY AS PREPARED DEPUTY SECRETARY OF STATE THOMAS R. NIDES SENATE BUDGET COMMITTEE THURSDAY MARCH 10, 2011

Thank you very much, Chairman Conrad and Senator Sessions. I began my career on Capitol Hill as an aide to House Majority Whip Tony Coelho and then to Speaker Tom Foley. I appreciate the pressure you are under to justify every dollar that is spent.

Today I want to explain how—with just one percent of the federal budget—the State Department and USAID prevent conflict abroad; promote prosperity at home; and, most importantly, protect the American people. From countering extremism in Yemen to serving alongside our troops in Iraq and Afghanistan to training Mexico's police force to help secure our southern border, what we do is critical to our national security.

I appreciate your inviting me to speak alongside Deputy Secretary of Defense Bill Lynn. The fact that we are presenting our budgets together is an important first. It speaks to a sense of shared mission that begins with the President, the Secretary of Defense and the Secretary of State—and extends all the way to the civilians and troops working shoulder to shoulder in Iraq, Afghanistan, and Pakistan. This is a relationship defined by deep mutual respect. And I am proud to say that cooperation between State and the Department of Defense has never been better.

As Secretary Clinton said last week, "the most effective and cost-effective way to advance our security across the world" is to use "the combined assets of diplomacy, development and defense to protect our interests and advance our values."

We partner closely not just in the frontline states, but wherever our security is at stake. In Egypt, close ties between our militaries have been crucial to our diplomacy and to Egypt's transition. In Libya, an integrated strategy—diplomacy, humanitarian efforts and defense—is unfolding in real time. The entire region is changing, and a strong, strategic and fully-integrated American response will be vital.

Today I want to walk through the key investments in a budget that allows us to use all the tools in our national security arsenal to advance our security across the world.

This year, for the first time, our request is divided into two parts.

The first part is our core budget—our foreign assistance and operations in just about every nation in the world. Our core budget request for 2012 is \$47 billion, essentially flat from 2010 levels.

The second part is our extraordinary, temporary contingency costs in Iraq, Afghanistan, and Pakistan. For the first time, the President's budget presents our war funding the same way it presents the Pentagon's—in a separate request called Overseas Contingency Operations, or "OCO" for short. Instead of continuing to cover war expenses through supplemental appropriations, this is a more transparent approach. It reflects our shared efforts on the ground. And it distinguishes between temporary, exceptional contingency costs and our core, enduring budget. The State Department and USAID's share of the President's \$126 billion OCO request for 2012 is \$8.7 billion.

Our core 2012 request is \$47 billion, which supports our diplomatic and development experts in almost every country in the world. It represents a 1% increase over comparable 2010 levels, which is less than the rate of inflation. Even without the extraordinary contingency costs, the core budget should be considered part of the US government's national security budget. It stabilizes conflict zones. It reduces the threat of nuclear weapons. It restores old alliances. It supports democratic transitions. It counters extremism. It opens global markets. And it protects American citizens abroad. And where we are not actively working with the military today, State and USAID are deploying diplomats and development specialists so that the Department of Defense does not have to deploy our troops tomorrow.

## We are investing in four principal areas:

First, we devote \$11.1 billion of our \$47 billion core budget to prevent conflict, foster economic security and support fragile states. We are supporting development, humanitarian and security assistance to Yemen to stabilize the country and deny Al Qaeda a safe haven. And we are pursuing those same goals in Somalia. This budget supports crisis diplomacy in Sudan and rebuilding in Haiti. And it proposes a new Global Security Contingency Fund that would pool resources and expertise with the Defense Department to respond quickly as new challenges and opportunities emerge. In a fast-changing world, we are working to tear down the bureaucratic walls and jurisdictional obstacles that prevent government from being as efficient as it can be.

Second, we invest \$7.4 billion of the \$47 billion core budget to support key allies and partners. This includes over \$3 billion for Israel and strong support for the West Bank, Jordan and partners on every continent. It also includes military-to-military partnerships in over 130 countries across the world—overseen by the State Department and implemented by DoD. As Secretary Clinton said last week, when crises came, we had already developed close ties with a generation of Egyptian and Tunisian military officers who showed restraint during their countries' transitions.

Third, we invest \$14 billion of our core budget to advance human security. We have targeted disease, hunger and climate change. These challenges not only threaten the security of individuals—they are the drivers of future conflict.

Our largest single investment is \$8.7 billion in global health programs. This includes treatment and prevention of HIV/AIDS through continued support for the PEPFAR program started under George W. Bush. We are fighting malaria and tuberculosis and saving the lives of mothers and children.

We are investing \$1.1 billion in food security, another cornerstone of global stability, and \$650 million to address climate change. These are two whole-of-government efforts against serious and growing threats that, if fully funded, will contribute to a more secure and stable world for years to come.

This budget also reflects over \$4 billion in humanitarian assistance for victims of war, the survivors of natural disasters, refugees and migrants like the tens of thousands who have fled Libya in recent days.

Fourth and finally, we invest \$14 billion of our \$47 billion core budget to strengthen and sustain our diplomatic and development presence. We fly the flag at Embassies and consulates in 164 countries and maintain diplomatic relations with another 22.

Our political officers build relationships, solve problems and promote democracy. Our economic officers open markets and fight every day for American companies and jobs. They are determined to use diplomacy as a force for economic renewal at home. Our development officers spread opportunity and stabilize societies, while our public diplomacy officers tell our story to the world. Our consular officers have evacuated 2,600 people from Egypt and Libya. Last year, they also issued 14 million passports, assisted in 11,000 inter-country adoptions and even helped return 485 abducted children to their parents. This budget also funds protection for our diplomats and development workers and provides them with modern, secure Embassies and consulates.

Finally, there is the portion of our budget that covers the temporary, extraordinary war costs in the frontline states. I am also pleased to be testifying alongside the Deputy Secretary of Defense because considering our two OCO requests together paints a much clearer picture. The Pentagon is saving \$45 billion on its overall worldwide OCO request from 2010 levels, largely due to the transition from a military to civilian-led mission in Iraq. Ours are rising by less than \$4 billion. As Secretary Clinton likes to say, "every business owner I know would gladly invest \$4 to save \$45."

In Afghanistan and Pakistan, alongside our military offensive, we are engaged in a major civilian effort to strengthen our partners, undercut the Taliban and take on Al Qaeda. Our civilian and military surges set the stage for a diplomatic surge: an intensified push in support of an Afghan process to split the Taliban from al-Qaeda and reconcile Afghans who renounce violence and accept the Afghan constitution.

We also offer assistance to Pakistan, a nuclear-armed nation with influence and interests in Afghanistan. We are working to deepen our partnership with the Pakistani people. And we are finding creative ways, in a difficult environment, to empower their government to act on our shared interest in taking on Al Qaeda.

The State Department and Department of Defense have designed the Pakistan Counterinsurgency Capability Fund (PCCF) to build Pakistan's capacity to secure its borders and deny safe haven to al-Qaeda and other violent extremists. It leverages the strengths and increases the flexibility of State and DoD to address Pakistan's counterinsurgency requirements as they emerge and keep their forces in the fight. It's an example of our commitment to integrate defense and diplomacy into a single shared effort to pursue our national security goals.

The Afghanistan and Pakistan portion of our OCO request for State and USAID totals \$3.5 billion.

A few weeks ago, I visited Iraq. I saw the courage of the men and women serving there. And I also saw a true whole-of-government effort underway as soldiers pass on responsibilities to civilians. We have a window of opportunity to help Iraq emerge as a stable democracy and a strategic partner. These funds let us work throughout the country to defuse crises and find long-term solutions. Our budget includes programs to train Iraqi police and assist Iraqi security forces. Both of these programs were previously led by the Pentagon. The Department of State is ready to take the lead, but we need the support and resources to do the job. We have lost too many lives and spent too much not to see this through.

The Iraq portion of our OCO request for State and USAID totals \$5.2 billion.

Finally, I also want to address our funding for the rest of 2011.

The 16% cut for State and USAID that passed the House last month would put our mission severely at risk. In the frontline states, our efforts would be hollowed out with troops still on the ground. In the Middle East, we would have to scale back our presence and our influence at exactly the wrong moment. We would lose consular officers who act as our first line of defense against terrorists and economic officers who are helping our companies compete. We would turn our backs on millions of HIV/AIDS patients, mothers and children.

The American people are right to be concerned about our national debt. So are we. But they still expect us to make smart investments in our future. And when crises erupt—and they always do—they expect us to be ready.

Our 2011 and 2012 budgets represent our assessment of the funding we need to use civilian power to advance our national security—not more, not less. This is a moment when America needs to lean forward, not pull back. I look forward to working with you to do what is necessary to keep America safe, strong and competitive in a changing and dangerous world.